

**REMARKS**

Claims 1-10, 16-20 and 39-44 are pending in the application. Previous claims 11-15, 21-38 and 45-46 have been cancelled in the present amendment.

**Formalities Objections**

In response to paragraphs 1-2 of the Office Action, Applicant hereby states that Figures 1-2 are not believed to be prior art.

In response to paragraph 3 of the Office Action, Applicant has updated the serial number/status of the applications listed on pages 11 and 26 of the specification. Applicant notes that the application (09/282,157) identified on page 17 of the specification is still pending; therefore, the status of that application as currently set forth in the specification (i.e., “co-pending”) cannot be further updated at this time.

In response to paragraph 4 of the Office Action, Applicant has amended the specification so as to individually describe the figures cited by the Examiner.

In response to paragraphs 5-6 of the Office Action, Applicant hereby states that claims 16-20 and 43-44 correspond to apparatus claims.

**Section 101 Rejection**

Applicant disagrees with the Examiner’s rejection of pending claims 1-5 as directed to non-statutory subject matter. 35 U.S.C. §101 provides that “whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof may obtain a patent therefore....” Each of pending claims 1-5 is directed to a process and therefore meets the requirements of Section 101.

The Examiner's position that the claims failed to satisfy §101 because they fail "to have a technological basis<sup>1</sup>" is without merit. As the Court stated in State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d, 1368 (Fed. Cir. 1998):

The plain unambiguous meaning of §101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35 ... The repetitive use of the expansive term "any" in §101 shows Congress' intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in §101. Indeed, the Supreme Court has acknowledged that Congress intended § 101 to extend to "anything under the sun that is made by man." Thus, it is improper to read the limitations into §101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations. State Street, 149 F.3d 1372-1373 (emphasis applied, citations omitted).

Contrary to the Examiner's assertion, the Federal Circuit's decision in State Street makes clear that there is no "technological basis" requirement in §101. The only requirement is that the claim fall into one of the enumerated categories (which the present claims clearly do), and that they meet the utility requirement (discussed below.)

Turning to the utility requirement, the Federal Circuit found that the "Hub and Spoke" software that was the subject of the State Street decision met the utility requirement of §101, because, the software admittedly produced a "useful, concrete, and tangible result." The usefulness of the result was not diminished by the fact that the result was "expressed in numbers such as price, profit, percentage, cost, or loss." See State Street, at 1375. Like the invention in State Street, claims 1-5 in the present application produce a useful, concrete, and tangible result - namely the transformation of bids received during the conduct of an auction.

Finally, as a result of the State Street decision, there can be no question that business methods - - such as those claimed in the present application - - meet the requirements of §101. In rejecting any "business method" exception to §101, the Federal Circuit stated as follows:

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<sup>1</sup> Applicant's note that the body of claim 1 has been amended to recite that step (c) is performed "using a computer." Thus, even under the Examiner's interpretation of 35 USC §101, claims 1-5 meet the utility requirement.

As an alternative ground for invalidating the '056 patent under §101, the Court relied on the judicially-created, so-called “business method” exception to statutory subject matter. We take this opportunity to lay this ill-conceived exception to rest. Since its inception, the “business method” exception has merely represented the application of some general, but no longer applicable legal principle, perhaps arising out of the “requirement for invention” – which was eliminated by §103. Since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method. State Street, 149 F.3d at 1375.

Thus, for the reasons set forth above, applicant respectfully submits that the Examiner’s rejection of the present claims under §101 is without merit, and should be withdrawn.

#### Obviousness Rejections – Claims 1-10; 16-20

Claims 1-10 and 16-20 stand rejected over Ausube (383) in view of Rackson. As amended, each of these claims require “for at least a first potential bidder, transforming, using a computer, said selected value into a first bidder comparative bid parameter value that is used to create a second view of the Dutch auction for said first potential bidder, wherein said second view is associated with a first auction item having a first characteristic; and for at least a second potential bidder, transforming said selected value into a second bidder comparative bid parameter value that is used to create a third view of the Dutch auction for said second potential bidder, wherein said third view is associated with a second auction item having a second characteristic that is different from said first characteristic.” Support for these limitations is found in the specification, for example, at Fig. 8A (the buyer view which corresponds to the claimed “first view”), Fig. 8B (the view of Supplier A which corresponds to the claimed “second view”) and Fig. 8C (the view of Supplier B which corresponds to the claimed “third view”). Moreover, it is clear from the specification, that Supplier A and Supplier B each possess an item with a different characteristic, i.e., each supplier has coal with a different BTU/ton value. See, e.g., p. 16, line 15 –p. 17, line 2; p. 19, line 15 – p. 22, line 13.

It is respectfully submitted that creating a first view for the auction originator, as well as two further views for two different bidders each of which is associated with an auction item having a different characteristic, as set forth in claims 1-10 and 16-20, is neither shown nor suggested by the cited references. Reconsideration of the Examiner’s rejection of these claims in view of the prior art is therefore respectfully requested.

Obviousness Rejections – Claims 39-44

Claims 39-44 stand rejected over Ausube (383) in view of Rackson. Each of these claims require the definition of a third bid value between a first bid value and a second bid value, and “sequentially transmitting information reflective of said sequence of bid values to said set of potential bidders, wherein in the absence of an acceptance of a posted price by a bidder in said set of potential bidders, said step of sequentially transmitting continues until said **second** bid value is reached; and sequentially transmitting to said individual bidder, in the absence of an acceptance of a posted price by said individual bidder, information reflective of said sequence of bid values up until said **third** value is reached.” Applicant has reviewed the cited references and has been unable to identify any teaching that would suggest limiting the transmission of bid values to an individual bidder in a Dutch auction when a third value is reached while allowing the transmission of bid values to other bidders to continue until a second (different) bid value is reached, as set forth in claims 39-44.

In rejecting claims 39-44 over the prior art, the Examiner has cited to Rackson, col. 2, lines 45-65, which provide as follows:

optimal bidder--The optimal bidder will usually be the entity that submits the nominally highest bid to the seller and lowest offer for the buyer, but may be adjusted under certain circumstances. For example, if the highest bidder has a questionable credit rating or closing history, or the highest bidder is using a credit card so that his bid needs to be adjusted downward by the processing fees, the nominally highest bid may not be the optimal bid. A database of bidder performance statistics (closing rates, timeliness, seller feedback, etc.) can be factored into the "optimal bid" selection process in order to determine an adjusted bid. When a buyer is using the multi-auction service to achieve an optimal price that is the lowest price, the item offered with the lowest bid may have excessive shipping charges or other ancillary fees that may additionally need to be factored into the bid price as an adjustment. In the case where multiple items are auctioned using a Dutch auction format, the term Optimal Bidder will be used to describe the set of submitting winning bids.

Applicant respectfully submits that this citation from Rackson fails to teach limiting the transmission of bid values to an individual bidder in a Dutch auction when a third value is reached while allowing the transmission of bid values to other bidders to continue until a second (different) bid value is reached, as set forth in pending claims 39-44. Reconsideration of the Examiner’s rejection of these claims in view of the prior art is therefore respectfully requested.

Conclusion

In view of the above, it is believed that all pending independent claims represent patentable subject matter over the cited prior art, either alone or in combination. Moreover, Applicants respectfully submit that each dependent claim is allowable, because each such claim depends from an allowable base claim. Applicants respectfully request the Examiner's consideration and examination of the application and timely allowance of the pending claims.

**EXCEPT** for issue fees payable under 37 C.F.R. § 1.18, the Commissioner is hereby authorized by this paper to charge any additional fees during the entire pendency of this application, including fees under 37 C.F.R. §§ 1.16 and 1.17 which may be required, including any required extension of time, fees, or credit any overpayment to Deposit Account 50-0310. This paragraph is intended to be a **CONSTRUCTIVE PETITION FOR EXTENSION OF TIME** in accordance with 37 C.F.R. § 1.136(a)(3).

Respectfully submitted,

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